



Los Osos Community Services District

General Manager's Monthly Report

May 5, 2016

Honorable Board of Directors,

This report presents a summary of general administrative, operating and other information covering the prior month's activities, and which are important to gauging how well the Los Osos Community Services District (LOCSO) is doing in providing the public services to our community. This report also includes highlights of recent District accomplishments, news of general information and items on which the Board may wish to focus attention in the coming months. This report is intended to supplement the information provided in the current Utilities and Fire Department Activity Reports.

Status Updates

Summarized below are updates on Board directives, strategic plan implementation (Coming Soon) and general management activities:

Office Relocation Consideration

I continue to have discussions with the owners of all three properties under consideration for the office location, and will continue to work to find the most functional, healthy and cost effective location for the District office. I will be touring the 10th street location on the date of this Board meeting.

Legal Services Request for Qualifications (RFQ)

The Request for Qualifications/Request for Proposals (RFQ/RFP) for District General Counsel has been prepared and on May 4 will be distributed to legal firms in the area, as well as published on the RFP page of the CSDA website. Firms have two weeks to prepare and deliver proposals to the District in response to the RFQ, and it is recommended that an ad-hoc committee be appointed by the President to review the proposals and recommend a firm to the Board at their June 2, 2016 Board meeting.

Recognition in Special District Governance

By attending the Leadership Academy and 10 additional hours of continuing education offered by CSDA, Board members can achieve a Recognition in Special District Governance Certification/Award. The District will receive a 1% discount on its liability and workers compensation insurances for each director attending, up to a maximum of 2%. This insurance cost savings alone covers the event registration cost. The next Special District Leadership Academy Conference is scheduled for July 10 – 13, 2016 at the Embassy Suites Napa Valley & Spa. I will be instructing the module "The Board's Role in Human Resources" at the Conference.

Financial Highlights

Status of 2014/15 Fiscal Year Audit: All of the updated financial information necessary for the 2014/15 audit completion has been submitted to the auditors, including completion of the actuarial valuation for GASB 45 compliance. The actual audit report is expected in two or three weeks from this meeting, with its presentation to the Board still scheduled for our June 2, 2016 Board meeting. Reconciliations of 14-15 also included prior year (13-14) adjustments that had to be made and updated, so the work has been extensive, including:

- All Restricted Reserve accounts balanced
- 90% of Unrestricted balances completed
- Reversals of all investment income inputted improperly
- Analysis of balances forwarded from the previous trial balance prepared
- Prepared over 50 journal entries to bring the above up to date and correct
- Corrected all incorrect entries in the Nitrate Grant for Water which included incorrect capitalization of these assets
- Analyzed Restricted Reserves back to 2013 when they were last correct and will make the necessary adjustments.
- Reconciled all Balance Sheet Accounts
- All Restricted Reserve accounts balanced
- 90% of Unrestricted balances completed
- Reversals of all investment income inputted improperly
- Analysis of balances forwarded from the previous trial balance prepared
- Prepared over 50 journal entries to bring the above up to date and correct
- Corrected all incorrect entries in the Nitrate Grant for Water which included incorrect capitalization of these assets
- Prior Period Adjustment for the Solid Waste Fund that was turned over to the County in 2014.
- Re-allocate investment income for Rabobank MMI and LAIF
- Review each fund one at a time to assure that all of the funds look correct
- Analyze Wastewater and Wastewater Fiduciary Funds

Status of Required Financial Reports:

We are required to submit various financial reports to our lenders and the State Controller's Office (SCO). The Special District Financial Transactions Report is due to the SCO within 110 days of the close of the fiscal year. The SCO report is expected to contain the same financial numbers submitted to your independent auditor for their annual report. Unfortunately, since our audited financial statements are tardy, so is our SCO report and SCO Annual Report of Compensation. This overdue report will be submitted to the SCO by Monday of next week. The overdue State Controller's reports will be completed and submitted by Tuesday, May 10. Submittal of this report in May will avoid the State's scheduled visit to Los Osos to conduct their own audit at our expense.

Our lenders also rely on our report of financial transactions to ensure that we are not a credit risk and have adequate cash to cover expenses and make loan payments. These lender reports are due typically about the first of the new calendar year, and we have informed the lenders that our reports will be submitted in May 2016.

Status of Budget Preparation and Profit/Loss Reports:

We have contracted within the budget to have the financial statements and associated reports programmed in compliance with Generally Accepted Accounting Principles (GAAP). We are beginning budget set up and will deliver a preliminary budget for committee and Board review and approval in June.

Budget reports cannot be given to the Board at this time due to the fact that the data in the accounting software system has not been balanced for ten months and the reports would have the correct format but not the correct information. The preparation of this backlog will begin following the completion of the SCO report and will be completed in a timely manner.

New funds have been set up for the Fire Mitigation Funds that are transferred from the balance in the closed Solid Waste Fund per Board Direction. Setting up individual funds will enable better tracking of information in those areas therefore giving the Board easy access to this activity.

Status of Delinquent EDD and IRS Reports:

As of May 3, we are 90% completed in submitting all of the delinquent information to remedy the IRS and EDD

delinquencies. Once these accounts have been reconciled, the various agencies can determine if fines or additional costs are due. We have requested waiver of any fines, and by committing to at least three years of timely, accurate report submittals, our experience is that they will authorize such waivers. We then have to keep up the reports without fail. I have issued a memorandum internally for any person who handles mail, to provide the General Manager a copy of any and all documentation that appears to levy a fee, fine or assessment, contain a violation notice or any other unexpected action. This way, future late notices will be quickly discovered and remedied, and appropriate action taken to avoid future late filings.

Transparency Updates

State law requires that we publicly report and post on our website all reimbursements of over \$100 made to Directors, employees or the General Manager. As discussed at our last Board meeting, the Reimbursement Report is included with this report. We have also compiled the information necessary for compliance with SB 272 regarding the reporting of all Enterprise Systems, and the report will be posted to the new website and made available to the public.

We are creating readily accessible files to be maintained in the lobby and handed out by the Customer Service Clerk documentation containing the most frequently requested in Public Records. The purpose of this effort is to increase the general accessibility of certain public documents in an effort to increase transparency and public trust. Our new website is expected to be online by the June 2 Board meeting for your viewing pleasure.

Other Activities

- **California Special Districts Association (CSDA)** – I attended the April 15, 2016 meeting of the CSDA Board of Directors and I assured them I would bring to your attention the fact that Special District Legislative Action Days is to be held in Sacramento on May 17 and 18, 2016. This is an excellent opportunity to learn and become involved in grassroots legislative activities, as well as to meet your legislator in their Sacramento office. I will be instructing a session called “Turning Board Member Ideas Into Actions” at the CSDA General Manager Leadership Summit in Squaw Valley on June 12 – 14, 2016. On July 11-13, I will be instructing the Board’s Role in Human Resources at the CSDA Leadership Academy Conference in Napa. This 2.5-day program is highly recommended for Board members in developing leadership skills, community relations and effective governance practices.
- **Interconnection agreement with Golden State Water Company** – In 2008, the Board approved an agreement for the interconnection of the CSD water system with the system owned by GSWC. The connection is intended to provide water supply redundancy and reliability for both entities and is required as part of the Basin Management Plan. An agreement detailing the appropriate operation of the interconnection has been developed and will be placed on the Board’s June agenda for approval. among the parties
- **Basin Management Committee and Associated Actions** - The Basin Management Committee is required in section 5.13 of the Stipulated Judgement to establish a funding plan and budget. The Basin Plan for the Los Osos Groundwater Basin contains many projects. Chapter 10 of the Basin Plan describes the Infrastructure Projects, a portion of which are to be funded jointly by the water purveyors in the basin. As you are aware, there are many variables in distributing costs evenly among the tax payers who have a straw in this basin.

The SLO County Board of Supervisor’s approved funding the first year of the administrative costs through the Flood Control District, provided they are reimbursed through collecting a special tax or assessment by the other parties as defined. Utility Compliance Coordinator Margaret Faulkner attended a meeting in which attendees provided introductory information to the consultant, Taussig & Associates, so they could better understand the roles of all the entities involved. Although administrative costs were the primary concern, some infrastructure projects may be considered with many ideas brought up by all entities. A first draft will be presented to the Basin Management Committee at its June 15, 2016 meeting.

At the April 20 BMC meeting, the committee considered potential water conservation rebates for both indoor and outdoor water efficiency. While the ultimate funding of the rebates will most likely be addressed through a basin-wide funding measure, short term funding may be available by agreement with the County. Additional information will be available at the BMC meeting scheduled for May 18, 2016.

- **Community Concerns over Unlicensed contractors** – I have had a number of conversations with community members concerned with the activities of individuals performing sewer connection work using only the license number of valid contractors, but likely lacking the appropriate insurance and bonding. These citizens are actively working with the county in an attempt to raise awareness of the dangers of these types of actions.
- Included with this report are also copies of the letter agreement between the County and CSD regarding connection of the Vista De Oro sewer system, an email confirming connection of the system to the wastewater collection system, and an email from a resident concerned with lack of understanding of the benefits of re-purposing of residential septic systems to rainwater holding and groundwater recharge cisterns.



SAN LUIS OBISPO COUNTY
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April 15, 2016

VIA EMAIL: pkampa@kampacs.com

Peter Kampa
Los Osos Community Services District
2122 9th Street, Suite 102
Los Osos, CA 93402

RE: Letter Agreement Regarding Connection of Vista de Oro to the Los Osos Wastewater Project

Dear Mr. Kampa;

The Los Osos Wastewater Project is ready to accept wastewater from portions of the community, including the area of the Vista de Oro subdivision. The wastewater collection and septic system for Vista de Oro is currently owned and operated by the District. As we have previously discussed, the County has made provisions in the project plans to connect the Vista de Oro subdivision to the project collection system. The connection will be completed by Auburn Constructors, a contractor to the County, under the direction of the County Public Works Department. The connection process is planned to begin on April 18, 2016. All of the work connection will be completed within the septic system site (located on APN 074-042-001). The work will not impact the collection system within the residential area of Vista de Oro. It will take an estimated 5 days to complete and include the following steps.

1. Install a temporary diversion pipe from the influent collector upstream of the existing influent manhole to septic tank #3. The diversion will prevent flows from passing through the influent manhole and septic tank Nos. 1 and 2.
2. Pump out and abandon in-place septic tank Nos. 1 and 2.
3. Remove the influent manhole and appurtenant piping which conflicts with new piping to be installed.
4. Install new 8-inch piping and a manhole to connect the existing influent collector to the existing 8-inch lateral stub-out.

During the connection process, the County, using State certified wastewater system operators under its employ, will provide operational oversight and necessarily assume the responsibility to operate the collector and existing septic system within the site to continue the wastewater

discharges to septic tank No. 3 and to the leachfields. The County's contractor will provide equipment and materials to prevent wastewater spills. The County will assume responsibility as the system operator in the event of any spills and will notify the District as quickly as possible should any system operational or overflow problems occur.

Once started, the County and its contractor will use their best efforts to diligently complete the connection and work described above within the time schedule identified. It is agreed that if for some reason the connection process must be temporarily abandoned once started, that the District's Vista de Oro septic and disposal system within the site will be maintained in an operational condition. The County will maintain operational control until the permanent connection is completed or the County will return the system to its previous operating condition and transfer operations back to the District.

Upon notification to the LOCSD of completion of the connection process and wastewater flows to the Los Osos Wastewater Project Collection System, the County will cease operational responsibility for the collectors and septic system upstream of the connection to County's system.

Please contact the County's project manager, John Waddell, at (805) 788-2713 with any questions regarding the connection process.

Sincerely,



MARK HUTCHINSON
Deputy Director of Public Works

File: 300448.00.1.5 LOCSD Correspondence

L:\LOWWP\2016\April\VDO Connection ltr - County.docx JW:jb

From: jwaddell@co.slo.ca.us
To: [Peter Kampa](#)
Cc: [Margaret Falkner](#); [Frank Asuncion](#); RobM@wallacegroup.us; mhutchinson@co.slo.ca.us
Subject: Vista de Oro Connection to County Collection System
Date: Thursday, April 28, 2016 4:37:07 PM
Attachments: [20160415 VDO Connection letter.pdf](#)
[pic03565.jpg](#)
[pic03872.gif](#)

Peter,

The connection of the Vista de Oro wastewater collection system to the County's collection system main in Pecho Road was made on Tuesday, April 26, 2016. The County has ceased operations of the Vista de Oro collection pipelines and septic system. However, we are still in the process of completing the abandonment of septic tank Nos. 1 & 2.

We have also connected the easterly portion of Bayridge Estates. This is the majority of the system that flows from the east side of the Bay Oaks and South Bay Blvd intersection. We expect to connect the westerly portion in the next couple weeks. After the westerly connection is made, you can expect flow to your septic system to cease.

I am looking forward to working with you over the next few months to complete the transfer of the Vista de Oro and Bayridge Estates collection systems operations and ownership to the County.

(See attached file: 20160415 VDO Connection letter.pdf)

(Embedded image moved John Waddell
to file: Project Manager (Embedded
pic03565.jpg) Construction image moved to
Division file:
Office: 805-788-2713 pic03872.gif)
Cell: 805-459-5034
Website / Twitter /
Map

From: [lee caulfield](#)
To: [Marshall Ochylski](#); [Board](#)
Subject: septic tank reuse
Date: Thursday, April 21, 2016 2:39:38 PM

Dear Mr. Ochylski,

The Sierra Club suggested we contact you regarding septic tank reuse options. According to the current Santa Lucian newsletter , one option is to simply disinfect the tank and fill with water so that repurposing will still be an option in the future. According to Wade Horton and the manager of the inspectors that issue the permits this is an option. But with no further information. The Sierra Club gave your name as a person to contact.

I would like to use this option so that the tank is still intact and can be used to help recharge the aquifer in the future. The Sierra Club mentions stopping at this phase is a good option as it leaves time to work out the best method for repurposing and work out any problems etc.

My question is, can I leave the tank like this indefinitely? I have not been told of any time requirements. There is also apparently some possibility of a rebate program for repurposing the tank in the future. But this won't be an option for those who fill their tanks with sand.

I am disappointed in that few residents are aware of this option, and all the people I talk to are just filling the tank with sand/slurry because they have not been adequately informed of the importance of this option to the sustainability of our water resources.

Per the Sierra club this option is very important for recharging the aquifer and residents and contractors need to be made aware of the importance of this option. Is there something you can do about this. Residents are already signing contracts and having the work done.

I am in phase one so am anxious to be given sufficient information to proceed with the work. Please look into this and let me know.

Thank you
Lee Caulfield